



FEDERAL ENERGY REGULATORY COMMISSION

ITC Holdings Corp.

Docket No. PA10-13-000

NOTICE OF PAPER HEARING PROCEDURE

Take notice that on October 31, 2011, ITC Holdings Corp. and ITC Midwest LLC (collectively, ITC) filed a request for Commission review of certain findings and recommendations in the September 30, 2011 Audit Report (Audit Report) in this docket issued by the Director of the Office of Enforcement under authority delegated to him by section 375.311 of the Commission's regulations, 18 CFR 375.311 (2011). ITC submitted its request for review under Part 41 of the Commission's regulations, 18 CFR Part 41.2. In accordance with section 41.3, ITC requested the use of shortened procedures. Pursuant to section 41.3, the Commission directs the commencement of a paper hearing. The Commission further provides clarification on the scope of the paper hearing.

ITC's filing states that it challenges the Audit Report's findings that ITC Midwest "improperly recovered from customers through formula rate billings amounts associated with the tax effects of amortized goodwill reported in Account 211, Miscellaneous Paid-In Capital. It also over-accrued its allowance for funds used during construction (AFUDC)." ITC also challenges recommendations 2 – 4 in the Audit Report:

2. Remove the overstated equity amounts associated with the tax effects of amortized goodwill reported in Account 211. File all correcting entries and supporting documentation with the Division of Audits within 30 days of the issuance of a final audit report in this docket.

3. Record and file, with supporting documentation, all correcting entries and calculations to correct all account balances affected by the over-accrual of AFUDC.

4. Adjust formula rate billings, as appropriate, for amounts inappropriately recovered from customers associated with the tax effects of amortized goodwill and related over-accrual of AFUDC. Compute interest on the adjustments in accordance with 18 CFR 35.19a. File a refund analysis with the Commission within 30 days of the issuance of a final audit report in this docket.

The scope of the paper hearing is limited to these challenged findings and recommendations.

In accordance with section 41.3, ITC and any other interested entity, including the Commission staff, shall file, within 45 days of this notice, an initial memorandum that addresses the relevant facts and applicable law that support the position or positions taken regarding the matters at issue. Reply memoranda may be filed by participants who filed initial memoranda. Reply memoranda must be filed within 20 days of the due date for initial memoranda. Pursuant to section 41.3, subpart T of Part 385 of the Commission's regulations shall apply to all filings. Further, pursuant to section 41.4, each entity's memorandum should set out the facts and argument as prescribed for briefs in 18 CFR 385.706 (2011). Section 41.5 also requires that the facts stated in the memorandum must be sworn to by persons having knowledge thereof, which latter fact must affirmatively appear in the affidavit.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Dated: December 29, 2011

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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